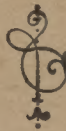




CANADA'S OPPORTUNITY IN AGRICULTURE

BEING A BRIEF REVIEW OF SOME OF THE LESSONS
LEARNED BY THE MEMBERS OF THE FARMERS'
MARKETING TOUR OF THE CANADIAN NATIONAL
RAILWAYS TO GREAT BRITAIN AND DENMARK IN
JANUARY AND FEBRUARY, 1928



PUBLISHED BY THE
DEPARTMENT OF COLONIZATION AND AGRICULTURE
CANADIAN NATIONAL RAILWAYS, MONTREAL, CANADA

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FOREWORD

WHEN the Canadian National Railways, in 1927, commenced the organization of the first Canadian Farmers' Marketing Tour to Great Britain and Denmark, it was realized that the undertaking would have to be regarded in some respects as an experiment. The primary objects were to enable a group of practical Canadian farmers to make a personal study of the conditions surrounding the marketing overseas of agricultural products; to acquaint themselves with the vast consuming power of the British market, and to learn the factors by which other countries had acquired a pre-eminent position in certain lines of trade with that market.

In preparation of the tour the Canadian National Railways had the fullest co-operation from various officers of the Canadian and British Governments, agricultural and marketing authorities in the Old Land, and particularly was fortunate in having the able assistance of Mr. W. A. Wilson, Agricultural Products Representative of the Canadian Government in the United Kingdom. The itinerary took the party through the leading marketing centres of Britain, brought them into conference with marketing authorities and experts in agricultural production, gave them visits to outstanding farms and livestock centres, and provided a highly instructive five-day visit to the State of Denmark.

It has been a source of considerable satisfaction to review the success which attended the venture. The party numbered seventy, including practical farmers from East to West throughout the Dominion and official representatives of Federal and Provincial Departments of Agriculture. The manner in which they thoroughly absorbed the lessons provided by the tour, the high plane upon which they travelled while overseas, the readiness with which those in the Old Land provided every facility for the party to study the whole problem of marketing and agriculture, and the cordiality of their welcome everywhere combined to write into the story of Canadian agricultural development a vital and thrilling chapter, which should have a far-reaching effect.

In order to assist the members of the party to carry back to the agricultural communities of the Dominion the lessons of the tour, and to assist in bringing home to the entire industry of agriculture the vision of the opportunities confronting the industry by the uniting of all the provinces in a national policy of agricultural production and marketing, the Canadian National Railways is producing herewith, in convenient form, a short series of articles based on the knowledge gained during the tour. The booklet is being published for distribution in connection with exhibits conducted by the Dominion Livestock Branch during the summer of 1928 at leading agricultural shows, and featuring the lessons of the tour.

In addition, a general distribution is being undertaken through various agricultural organizations in order that as many farmers as possible may have copies. It is commended to all who are interested in the most complete organization of Canada's agricultural production and marketing efforts.

W. J. BLACK,

*Director of Colonization, Agriculture
and Natural Resources,
Canadian National Railways.*

A REVIEW OF THE CANADIAN FARMERS' MARKETING TOUR

From the standpoint of what was seen and the lessons learned with respect to Production and Marketing of our Agricultural Products

CANADA'S first Farmers' Marketing Tour to the distributing centres of the world's largest market and Canada's best customer for agricultural products, was organized by the Canadian National Railways Agricultural Department as a business investigation for our producers. It offered and most assuredly provided them with a unique opportunity for studying the market for themselves, so that through the first-hand knowledge thus gained, they might determine as to whether Canada's production and marketing policies as seen from the background of the consuming market, are such as to allow us to sell to the best advantage. Through the facilities provided for examination and investigation of the marketed surplus of every important exporting country in the world, the Farmers' Party was able to find out for itself why certain commodities secured the preference in the market and how they had so securely entrenched themselves in the confidence of the British buyer with the tremendous purchasing power of forty-eight million people behind him.

When the Party sailed from Halifax in January, it numbered sixty-eight, the majority practical farmers, many of whom have for years given serious thought and study to production and marketing policies. They welcomed this interlude between autumn and spring activities as a most practical way in which to add to their knowledge regarding their marketing problems—which are Canada's. Associated with these men were representatives of Federal and Provincial Departments of Agriculture, including Mr. H. S. Arkell, Dominion Live Stock Commissioner, elected on the ocean voyage as leader of the Party, the Hon. Walter Lee, Minister of Agriculture for Prince Edward Island, and the Hon. Geo. Langley, a former member of the Saskatchewan Government. The Agricultural Press and our Canadian Banking System were also well represented.

The manner in which the tour was organized afforded unusual scope for investigation, involving first-hand discussions with representatives of the trade, visits to some of the most important markets, a study of British live stock production methods, and as well, an insight into the Danish co-operative production and marketing enterprise.

The itinerary provided for a full month spent in the British Isles and Denmark. The tour commenced at Liverpool and later covered other important consuming and manufacturing centres of England and Scotland. Manchester, Birmingham, London, Perth, Edinburgh, the valley of the Clyde and Ayrshire were among the places visited, while Copenhagen, Denmark, claimed a portion of the tour.

Leaving Canada somewhat divided in opinion as regards production and marketing policy, the Party returned home, viewing the whole situation from a broad national viewpoint, convinced that as between one province and another, or one organization and another, there should be the closest co-operation in production and marketing effort, if Canada is to compete successfully for the confidence of the British consumer and similarly for the custom of every market requiring imported foodstuffs.



The party viewing some of Scotland's finest Clydes at the famous "Craigie Mains" stud of James Kilpatrick.

The Consuming Power of the Market

The first and most lasting impressions received by the Party were, the vast consuming power of the United Kingdom, the high standard of efficiency in distribution, the excellent manner in which most of the commodities are prepared and packed for market and, most important of all, that uniformity in the product and regularity in the supply are the outstanding qualities which have placed certain products in first position, and that practically every country whose product or products set the price for all, has achieved that end only after well-organized national effort. It was impressed upon the Party at every turn that Canada does not offer enough agricultural products nor is she regular enough in supply. It was found that in order to obtain a higher average price it would be necessary to confine our commodities to fewer varieties and to create trade confidence through following the example of some of our outstanding competitors as regards standardization and grading. In a word, standardization and grading of products should be so applied that buyers would purchase entirely on the classification of the commodity; otherwise, sales can only be made at the buyer's price. It was found that economic conditions in Great Britain are steadily improving, the buying power of the consumer increasing, and the market for all classes of food-stuffs becoming firmer and stronger. But having regard to the strong competition which we must continually face from other countries, we should endeavor to secure our position, or we may find that through lack of intelligent aggressiveness we have lost an opportunity which may not again present itself.

Our Future Prosperity

That our future as an agricultural country rests largely in our trade development with the Motherland was perhaps the final impression received by the Party. Great Britain is the largest importing country in the world and the surplus food products from the seven seas are sent there to be sold for what they will realize. Because of her outstanding position as a buyer, it is Great Britain and not the seller who is the arbiter of price. So it is, as our Farmers' Party discovered,

that those who best serve the needs of the British consumer, receive the most consideration in a price way. Better than average quality foodstuffs, it was found, move readily, even on a loaded market. The British importer pays according to quality, does business on a large scale and likes to deal with those who give him a regular volume. The market is hard to saturate.

Visits to such markets as at Manchester and London well served to show to the Farmers' Party the extent of demand and the intensity of competition existing among the many countries contesting for British trade. At Smithfield, London, is the largest meat market in the world, seven centuries old and available for business on a large scale with every live stock country with a marketable surplus. Last year this market handled over 500,000 tons of meat and meat products, and on one day during the visit of the party, over eight million pounds of meat were sold to the retail trade. These are startling figures, but more amazing to the Party was the practical demonstration as to the dominating power of uniform quality and volume in this vast sales medium. Row upon row of carcasses with no apparent variation in type and quality, well slaughtered, uniformly and efficiently marketed, served to impress upon the visitors the beneficial results of standardization and grading.

The largest fruit market in the world is situated at Manchester, the hub of a tremendous consuming area. This market occupies six acres of land and has been in existence for over a century. Fruit from the orchards and plantations of the world were on sale when the Farmers' Party were there and an opportunity presented itself for comparison of the quality and pack as between the product of different countries. Canadian apples came under discussion. The suggestion has been made that a growers' organization be formed to market apples in England, having representatives there who would select the best selling market for shipments on arrival. They would also take measures to prevent shipments of apples of undesirable quality. Incidents were cited of arrivals containing several varieties and also shipments of apples not suited to the particular needs of the market. The apple market is so competitive that it requires the highest measure of quality, grading, and packing.

Similarly, other agricultural commodities received the attention of the Party with the object of finding out just how Canada's supply compared with that of other countries.

Wheat

It was learned that Canada occupies the foremost place in the wheat market, and that No. 2 Hard has no equal owing to its high gluten content. Discussion regarding our wheat inspection and grading system indicated that they were satisfactory and that we should see that our standards are well maintained. The identity of Canadian wheat should be preserved right through to the miller. The United Kingdom's consumption of flour is twenty million sacks per annum or 5,600,000,000 pounds. Of that vast amount eighty per cent is imported, either as wheat or flour. Canada supplies thirty-four per cent. of the wheat required and so occupies a most important place in the market.

Bacon

The Party was, in view of the development of the bacon hog policy in Canada, much interested in the position of our bacon in relation to other grades in the British market. It was found that Canada's exports have declined since 1924 although the quality and cure have steadily improved, as a result of a standard of grading and improved feeding methods. Denmark is, however, thoroughly established and dominates the market, chiefly by reason of the fact



Inspecting the Ayrshire Herd of Thos. Barr at Hobsland, Ayrshire, Scotland.

that it ships regularly regardless of price and, of course, because her product is uniformly good. The Canadian cure is considered better than the Danish. The uniformity of the Danish bacon is achieved by a standardization of the bacon hog and by feeding on approved lines. In consequence of this uniformity in the product, buyers can make their purchases with confidence from week to week. The market for bacon in England is steadily growing, chiefly because conditions among the working classes are improving through steadier employment. If, as is claimed, the production of the Baltic States is on the wane and the outlook is for dearer bacon, there is every opportunity for Canada to take a more important place in the market, but in order to do so it is necessary that:

1. We continue to specialize on the bacon type of hog required by the English market.
2. Proper feeding be followed to get sides of uniform thickness and firmness of flesh. Around 200 pounds live weight is considered right for the English market.
3. There be regularity of supply.
4. The bacon be efficiently graded.

Cheese

Canadian cheese stands very high on the market but the supply is not sufficient in volume nor as regular as it might be. Our packing and grading, while fairly satisfactory, could be improved if an identification mark were adopted to distinguish between early and late made cheese of different qualities. New Zealand is establishing her position in the market by increasing and steady shipments. Canada supplied 62% of the United Kingdom's imports of cheese before the war, but in 1927 this dropped to 40½%, while New Zealand's share is now 45%. There is an increasing demand for expensive cheeses such as Canadian Kraft and others sold under proprietary brands, in which movement the retailers have made their influence felt. These cheeses, especially the proprietary brands, are continually and widely advertised and the merchant is benefited

inasmuch as he can buy in smaller quantities than with Cheddar, thus keeping his inventory down.

Butter

While Canada has not had an exportable surplus recently, with intense competition obtaining, a high standard product will be necessary to compete in the market. The quality of Canadian butter is said to be excellent, especially that from the central western provinces, the butter from Saskatchewan being the best. However, there are too many varieties coming forward and it would be a progressive step in Canada's interests if butter from separate creameries were distinguished so that classification could be made on arrival. In other words, standardization and quality count. Danish butter is popular. New Zealand has also gained a prominent place in the market, which she is steadily developing. The Argentine already sends three times as much as Canada, and Siberia is likely to be a serious competitor in the near future.

Eggs

Canada figures only slightly in the total imports of eggs in the United Kingdom, the proportion being 1%. Denmark supplies twenty-five times as much, Poland ten times and China five times as much. There is a good market for eggs which the Canadian farmer may well take advantage of when our enormous domestic consumption is adequately met and a larger export surplus developed.

Honey

Canada has supplied in recent years from 4% to 5% of the total imports of honey. The United States supplies nearly 25% and is increasing her share year after year. Canadian clover honey is probably better than others, excepting, of course, the British domestic honey, but there are many blended cheaper products on the market. Consumption in the United Kingdom is steadily increasing and there is the possibility of a better market for clover honey if we go after it.

Tobacco

Tobacco grown in the United States is popular in England, and as Canadian tobacco closely resembles it there exists an opportunity to get a better hold on the market. Considerable progress has been made since 1921. In that year we shipped 174,000 pounds and now our shipments are twenty-eight times as much. The preference tariff of 50c a pound is greatly assisting Empire-grown tobacco and an effort is being made to educate smokers to use tobacco made from it. A uniform sample is necessary to successful sale.

The Lessons Learned

In summarizing the above findings, it will be found that the outstanding factors in the making of markets for our produce are uniformly high quality and regular volume.

The lessons learned are well summed up by Mr. H. S. Arkell, who on behalf of the Party issued the following statement at the conclusion of the tour.

"We have learned that the Britisher is the best buyer in the world, and that it is up to Canada to become a better salesman.

"No one who has not seen the movement of produce through the British markets as our party of Canadian farmers was privileged to see it, can adequately comprehend the immense consuming power of the United Kingdom. This great absorptive power attracts a continuous stream of produce from all parts of the world, and because the buyer can thus make selection, quality establishes the price.



Members of the Farmers' Party at the Perth Shorthorn Sale, Perth, Scotland.

"It is true that Canada is not participating in the sale of her produce to this great market to the extent that she once did, because latterly prevailing prices at home for some commodities have constituted a better market. But even so, Canada is scarcely making the most of her opportunity. We have indeed received many compliments regarding the improved quality of our bacon, but even our Canadian representatives did not hesitate to say that the price then being paid on a par with Danish produce, represented a fictitious value and was possible only through shortness of supply.

"The feeling of the market then was that within the next few months a rise of perhaps 10 shillings per cwt. might be expected, and that should this develop, the parity of price could not be maintained unless the intrinsic quality of the bacon is improved. It appears to be a question of quality due to feeding more than one of type, cure or trim.

"As regards butter and cheese we heard more about New Zealand than we did about Canada. The reason why the Dominion has been off the market with respect to butter is pretty well understood, but disappointment was expressed that our cheese exports had not only been reduced in volume, but that except for the best grades they were not now so uniformly commanding the attention of the market as had formerly been the case.

"With respect to fruit we were asked very politely to look for ourselves. We saw South African fruit, peaches, plums, oranges, packed by Kaffir women, arriving in perfect condition and were told by one merchant that he would have less wastage from a shipment of 30,000 packages of this fruit than from one of 300 barrels of Canadian apples, both of which shipments had just arrived.

"The keenness and energy with which countries are moving to capture the benefits of this trade must be seen to be understood. South Africa's progress in fruit marketing was a revelation to us all. New Zealand has made very rapid strides in the last three years. Denmark's activities are well understood. The



Inspecting the herd of Dual-Purpose Shorthorns at the Chivers farms at Histon, England.

new policies of the United Kingdom itself are well worth studying, but it remains for Northern Ireland and the Irish Free State, which some of us had the opportunity of visiting, to furnish the most striking evidence of business method and alert aggressive policy. In the improvement of its cattle, of its egg and poultry trade, and in the development of its export of fresh pork, Ireland is receiving commendation for its energy and enterprise to a degree which it very richly deserves.

"Notwithstanding, however, all that has been said of the falling off in our export trade and as to the improvements which we yet may effect in our produce, we still found that Canada's future development is regarded in the Mother Country with increasing interest and expectation. This is due to several causes, only a few of which one can name. Canada's wheat as a factor in maintaining the supply and quality of British breadstuffs is one of them. Our Wembley exhibit was another. The activity of Canadian agents and organizations is yet another. Amongst these, and as simple acts of justice, it may not be out of place to mention the very general acceptability of the services rendered by the agricultural representative of the Federal Department of Agriculture of Canada in London, Mr. W. A. Wilson. This tour of Canadian farmers as organized and directed by the Canadian National Railways has also contributed its quota to a better understanding and to the development of mutual respect and goodwill.

"But this is not all the story, for there is a deeper significance still to the interest of the motherland in our own Dominion. The British people are looking to the future and the Empire movement has taken possession of their minds. The Prime Minister of Great Britain charges us with a message to see to it that our own land is peopled with a stock of British blood and race in order that whatever the future may hold the invisible but potent ties of empire may still remain strong and constant. We were reminded also from many sources that the thought of public men in all walks of life is earnestly considering how best to meet the competition of world trade and yet maintain the standard of living of

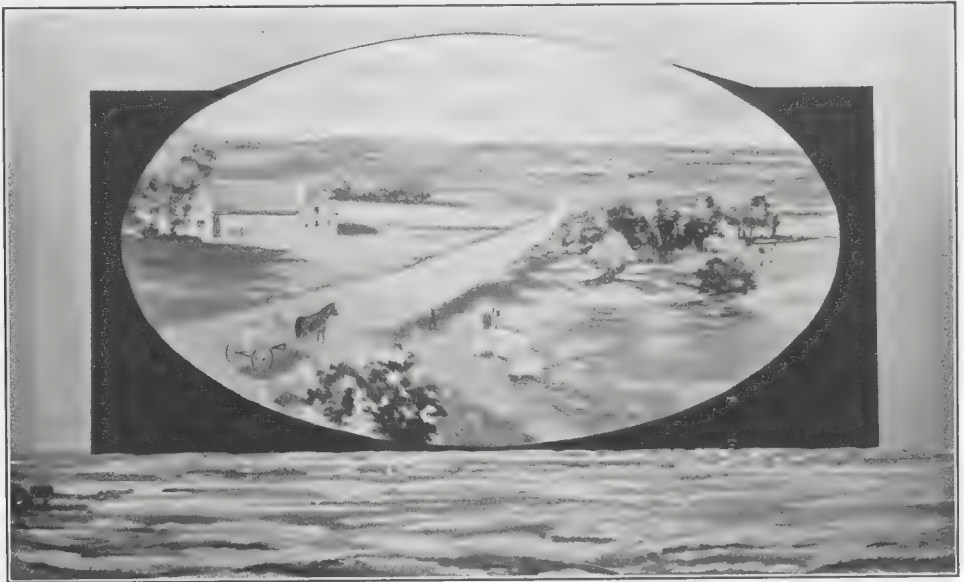
the British people. If to achieve this end it should ever be determined that from the standpoint of British policy the Empire must be constituted into a single trade unit, the one condition upon which such a unit could be created would be the guarantee from the Dominions of a sufficient food supply.

"The challenge to Canada is clear. In the light of our huge natural resources the organization of our agricultural industry should constitute our greatest economic opportunity and our greatest business enterprise. Confronted with the lessons of the British market the Canadian people need have no illusions as to what they must do if they would compete successfully for British or world trade. We have made some fine beginnings, but in the perfecting of a comprehensive national agricultural policy lies the way of opportunity and success."



MARKET DEMAND DICTATES PRODUCTION POLICY

Inability effectively to market her lambs caused New Zealand to change breeding and production methods to meet market requirements



THE KEY TO PROFITABLE PRODUCTION

Steadfast adherence to a National co-operative marketing policy has changed Denmark from a bankrupt nation into a prosperous people



A YOUNG NATION'S SOUND VISION

The Britisher's hereditary taste for good beef, uniform in quality, has given Ireland the cue to renumerative production

THE BRITISH MARKET

An Authoritative Article on the British Market for Agricultural Products and the Position of Canada's Products in Relation to that Market

TO have a working understanding of the British market for Canadian farm products it will be useful to have some definite facts about the forty-eight million people who must be fed, about the 200,000 retailers from whom they get their foods, about the wholesalers who supply these retailers, about the varieties of foods consumed, where they come from, what processes they undergo on the way, and something of how the whole vast business is developed and handled.

A Canadian lands at Liverpool and visits the principal cities of Great Britain. No matter how much he sees, it will not be more than a few illustrations in the great book which is the story of present-day life and business in the Old Country. Liverpool on landing seems no more impressive than did Montreal on leaving, yet its dock system handles a trade five times as great, and within about 70 miles of its docks there are as many city dwellers as there are people in all Canada.

In an area less than half the size of Manitoba, Great Britain and Ireland have a population more than five times as great as ours. In England and Wales people numbering more than twice our population are crowded into only 80 cities each with more than 50,000. Besides London with over 6,000,000, three cities average over 800,000, and eight average nearly 400,000 population. These are less than half the population of England and Wales alone, leaving Scotland and Ireland out, and by far the greater proportion of the remainder also are city dwellers.

Only $6\frac{1}{2}$ per cent. of the workers of England and Wales are engaged in agriculture! More people are employed in transportation. The great majority are specialists of one kind or another in the industrial or commercial activities which make such concentrations of population possible.

A great part of England is a hive of manufacture. In the whole county of Lancashire only about three per cent. are engaged in agriculture; about the same in the Midlands and the great West Riding of Yorkshire; and fewer still in North-East England, South Wales, and within a radius of fifty miles of London.

Each area specializes in one or more industries—Lancashire chiefly spins and weaves cotton, makes machinery for spinning and weaving, and mines the coal needed. Yorkshire spins and weaves woollens, mines coal, and has a great steel industry. Shipbuilding, smelting and mining are the specialties of Newcastle, Durham and the Clyde. Engineering, mining and pottery are the industries of the Midlands. Steel, tin and coal occupy Wales. Government, trade and finance are centred in London, which is also the greatest manufacturing city in the world. Trade and wealth are found everywhere, of course. Transportation by rail and water is itself an enormous industry.

Those engaged in an industry seldom see much outside it. The range of vision, interest and knowledge is narrowed by the intense specialization which prevails. The people are not unlike an army, enlisted in their units, holding their ranks under employers and trades union officials, and eating what is brought to them by the commissariat consisting of the well-organized trades which distribute foodstuffs from all the world to their doors.

Most consumers have never seen a farm, and know almost nothing about foodstuffs as producers know about them. Such knowledge as they have is acquired from experience at the table and from what their retailers and the advertisers tell them.

Most of the nation's food in every line is imported from overseas—from 56% to 83% for different commodities, and about two-thirds over all. This is by far the greatest importing market in the world—the surplus products of every country are sent here to be sold for what they will fetch. These products vary widely in quality but they always provide abundance for the requirements of the whole population.

Wheat The people of the United Kingdom consume annually about 30,000,000 sacks of flour weighing 280 lbs. each. Put in another way, this is nearly a half-lb. every day to each person. Of this total, some 80% is imported—about 70% going in as wheat and being milled there, and 10% being imported as flour. Canada supplies 34% of the imports, and foreign countries supply just over half. Canada draws around \$130,000,000 a year from wheat exported to the United Kingdom.

The marketing of Canadian wheat does not present such problems as other products. Its quality is superior. Its grading is satisfactory. Its marketing is well organized. Wheat growers get a much larger proportion of the United Kingdom market value than do producers of other products, and there seems to be no reason to expect any less favourable conditions in the future. That some expansion in the market is feasible by judicious education of consumers seems reasonable.

Bacon In 1891, bacon imported from Canada exceeded a million dollars' worth in one year. In 1904, fourteen years after, the value had reached fourteen millions. The gain in the next twenty years was only sixteen millions, as in 1924 the total value was just under \$30,000,000. Since 1924 our bacon exports to the United Kingdom have increased and then decreased. The progress of earlier years has not been maintained.

Canada's share of the British market, despite difficulties, is large enough to justify increased efforts to make it larger. In value it is two-thirds of all Empire imports, and equals 17% of all non-Empire supplies, which were worth \$173,000,000 in 1924. Danish supplies are greatest in quantity; and except for Irish and some of the home product, highest of all in market value. The average import value per cwt. of Danish for 1924 was about 10% above that of Canadian, according to Board of Trade figures. Since 1924 Canadian bacon has steadily improved its value in comparison with Danish. A growing proportion has been of the right type in breeding, feeding and cure, and prices have been according to values.

Three things help to explain the present improvement and give the key to future development of this market for Canadian bacon:—

- (1) The standardization of the type of bacon hog—aided by the wise breeding policy adopted in this period, and by payment for hogs according to grade.

- (2) The standardization of cure which is being developed by Canadian packers.

- (3) Steadiness of supply of standard grades. This has been observable, but not yet to the extent that would give the best results.



Viewing the Hereford Herd of His Majesty King George, at the Royal Farms, at Windsor.

It is not essential to produce only the Wiltshire "side." Cumberland cuts (side with ham off and shoulder on) fetch a premium in the Midlands and Northern English markets, over all but the English products. Lower prices for our Wiltshires cannot be explained completely by the longer distance and time between curing and retailing, because it is *Western* Canadian cures of Cumberland cuts which fetch the higher prices mentioned. A uniform side, possessing length, especially in the middle, and medium thickness, is wanted by most bacon consumers. Oversize and fat hogs, even if they are fattened on barley and skim-milk, will sell at a discount. If they are corn-fed, the discount will more than offset the economy of feeding.

According to the Danish grading standards, the first-class bacon side has no more than $1\frac{1}{8}$ inches of fat uniformly laid on the full length with very little greater thickness over the shoulder and loin. The market values vary according to thickness. No hogs over 200 lbs. live weight will make first grade bacon.

Hams and other cuts from large and fat hogs have a market, but the Wiltshire side is pre-eminent. Five times as much bacon is imported as ham. Except for hams of the premium qualities, which are bought by the well-to-do, most imported hams are sold to a low grade market. The bacon type should be our standard.

Canadians have shown they can produce the right hog and the right cure. Though large strides have been made in improving the type of bacon hog, there is need for special efforts to reduce the proportion of unsuitable hogs, especially in the West. Sales in these markets have proved this fact. Prices will not reach a satisfactory average until *all* Canadian bacon is uniform, so that buyers can buy with complete confidence week after week, as they have been able with Danish bacon for a generation.

Cheese Canada supplied 62% of United Kingdom imports of cheese before the War. In 1926 it supplied only 35% and in 1927, 40½%. For several years this averaged around 37% of total United Kingdom consumption. New Zealand's share before the War, 20%, has now increased to 45%.



Members of the Canadian Farmers' Marketing Tour of the Canadian N

Front Row, left to right. D. E. Stauffer, Plattsville, Ont., D. Z. Gibson, Caledonia, Ont., F. B. Holtby, St. Thomas, Ont., Robert Chase, Port Williams, N.S., E. D. Haliburton, Hantsport, N.S., J. K. King, Manager Maritime Livestock Marketing Board, and representing New Brunswick and Nova Scotia Governments, Hon. Walter Lea, Minister of Agriculture, Prince Edward Island, Hon. Geo. Langley, representing Saskatchewan Government, Colin G. Groff, Canadian National Railways, Montreal, W. A. Wilson, Agricultural Products Representative of Dominion Government in Great Britain, H. S. Arkell, Dominion Livestock Commissioner, E. A. Weir, Canadian National Railways, London, Eng., Miss Nora Fyffe, Qu'Appelle, Sask., Miss E. Cora Hind, Manitoba Free Press, Mrs. D. W. Warner, Mr. D. W. Warner, Edmonton, Alta., Mrs. M. R. Matheson, Mr. Matheson, Granum, Alta., C. H. Marshall, Nanton, Alta., Ed. McConnell, Hamiota, Man., W. J. Renton, Deloraine, Man.

Second Row, left to right.—R. S. Duncan, Director County Agricultural Agents, Ontario Dept. of Agriculture, James Walker, representative Head Office, Canadian Bank of Commerce, Toronto, Frank C. Hart, Director of Co-operation and Markets, Ontario Dept. of Agriculture, E. F. Augustine, Alvinston, Ont., C. W. Buchanan, County Agricultural Agent, Port Arthur, Ont., Geoffrey Oland, Halifax, N.S., William Sharpe, Lacombe, Alta., J. Milton George, Deloraine, Man., Parker Perry, Deloraine, Man., John Mackenzie, Lacombe, Alta., Geo. Batho, Nor'West Farmer, Winnipeg, Man., William Betson, Westlock, Alta., J. M. Douglas, Lacombe, Alta.,



National Railways photographed at Holyrood Palace, Edinburgh, Scotland.

J. Harvey Lane, Filmore, Sask., William Braid, Oak River, Man., Robt. Johnston, Winnipeg, Man., Herbert Scott, Agricultural Representative, Dept. of Agriculture, Sedgwick, Alta., T. S. Hargreaves, Shoal Lake, Man., John Thompson, Carnduff, Sask., Jos. Hagerty, Olds, Alta., Miss Roberts, C.N.R., London, Eng., Frank England, C.N.R., London, Eng.

Third Row, left to right.—Howard Leavens, Picton, Ont., Andrew Wilson Moosomin, Sask., F. J. Kingdon, Tantallon, Sask., A. P. MacVannell, County Agricultural Agent, Picton, Ont., J. J. Anderson, Carstairs, Alta., William Kitchener, Brampton, Ont., W. J. McMechan, Deloraine, Man., Geo. Gordon, Rockwood, Ont., John Ellis, Lacombe, Alta., A. Hochstein, Pincher Creek, Alta., Harold Dorrance, County Agricultural Agent, Brantford, Ont., P. J. Tooley, Grande Prairie, Alta., Torgier Johnston, Loyalist, Alta., A. E. Millham, Hazelcliff, Sask., Colin C. Kitching, Rockwood, Ont., W. J. Bryan, Summerside, P.E.I., Alfred Simpson, Summerside, P.E.I., J. Stirling, Consul, Sask., C. B. Alger, Prelate, Sask., W. J. Pollock, Kenmay, Man., A. J. Fargey, LaRiviere, Man., Smith Thompson, Portage la Prairie, Man., John Davis, Clover Bar, Alta., J. McCallum, White Star Line, Glasgow.

Absent from group.—Wm. Guild, Kenmay, Man., John Strachan, Agricultural Agent, Canadian National Railways, Winnipeg, C. Christensen, Caledonia, Ont., Benj. Berry, Fedorah, Alta., Alex. Hewson, Weston, Ont.

The consumption of cheese is much larger in the United Kingdom than in any other market, being nearly 10 lbs. per head yearly. Moreover, the calculations of the Imperial Economic Committee show that average cheese consumption increased by one-third, in the same 20-year period in which imports from Canada declined by over one-third—from an average of 190,000,000 lbs. to one of 121,000,000 lbs.

The fall in our exports since 1904 has been due, not to a decline in popularity of Canadian cheese, but to the increased demand for dairy products of all kinds at home, as a result of which our dairy industry has been built up on a variety of lines. Canadian cheese continues to receive higher prices than New Zealand, being recognized by trade and consumers as possessing superior Cheddar flavour and "body."

Not only are there steady increases in consumption of cheese and in imports of "Colonial" Cheddars, but there is an even greater growth in the sale of cheeses of a luxury class, retailing at 50% or more above the prices of the Canadian factory product. This tendency is one which may prove of considerable importance to Canadian dairymen and should be watched.

The especial styles of cheese include Kraft, Beacon and H.A. (Canadian) and the old style English local cheeses which are now being marketed by organized producers with modern methods. They include Swiss and French cheeses, also more aggressively marketed. Cheeses are also being produced under proprietary brands by large firms of blenders, heavily advertised, and sold in increasingly important quantities. In a few years the sale of cheese at retail has changed very considerably as a result of the energetic competition among these special types of branded cheese, all sold at prices well above the price of bulk Cheddars.

The consuming market for Cheddars is vastly broader than for any other cheeses, including every section of the public, and especially the working class. Since the War the retail price has ruled around a shilling a pound, and it has been found that if the price goes up even a penny the consumption drops, as cheap meats can readily be substituted for cheese. It is found, however, that a steadily increasing proportion of the working class is forming the habit of using more expensive cheeses.

Advertising has helped to produce this change, aided by the inclination of retailers and wholesalers to sell products requiring less capital tied up in stocks than is needed in the case of bulk Cheddars.

But advertising and the influence of retailers have effect on consumers only by convincing them that the branded cheeses are superior in *quality*, and that they are *uniform* in flavour, and (in some cases) that it is more convenient and healthful to buy cheese in small packages hygienically wrapped.

Many retailers have been won over to these special cheeses by the fact that demand has been created by advertising; by the fact that prices do not change much or often; and also by the fact that they do not have to buy supplies except in the quantities they sell, almost from day to day, whereas they must buy larger quantities of Cheddars, and may lose by a subsequent drop in price. Finally, there is a larger retail profit assured on the special cheeses.

In 1925 Canada received from Great Britain \$30,000,000 for cheese—a very substantial revenue. The production capacity of our dairy farming is bound to increase. It can increase even more rapidly than the home market demand. In that case the British cheese market will be even more important than it has been. No other Canadian product is better established with the public. It is desirable,

however, that all producers should take note of the changes which are occurring in the market. Above all it is more important than ever to aim at the highest possible quality and at a uniform standard of texture and flavour.

Butter Imports of Canadian butter after the War increased to 18,256,000 lbs. in 1925, the highest since 1904, but more recently imports have fallen off almost to nothing. Provided quality is standardized, and amount and steadiness of supply are assured, our butter should always find the United Kingdom one of its good markets. As yet, it is not a material element in total supply—the 1925 high figure represents only about 2% of the total consumption. New Zealand sends seven times as much, and even Australia sends from five to seven times as much, despite handicaps of distance and costs.

The people of the United Kingdom consume only about 17 lbs. each yearly, as compared with the 28 lbs. each consumed by Canadians. A great deal of margarine (amounting to 10 lbs. per head) is used as a butter substitute.

There are possibilities of largely increased butter consumption in the future, and any increase of supply will probably come from outside sources, which now supply 83% of Britain's consumption. There has been, in fact, a continual increase in the rates of butter consumption since the War. But the increase in consumption of margarine has been much greater. These increases have paralleled a marked and steady improvement in the average of quality, in both butter and margarine supplies.

The opportunity for Canadian expansion of butter sales in the British market is indicated by these facts. A great expansion of Canadian production is bound to come provided markets are available. The three Prairie Provinces produced only 4% of Canadian butter in 1900, but this grew to 24% in 1924. Nova Scotia's butter output increased tenfold between 1909 and 1919. Acreage and herds in dairying must rapidly increase. Increase of average yields resulting from grading up herds should account for further notable expansion in the next ten years.

The British market will always be more open and more favourable to Canadian dairy products than any other export market, so far as political and sentimental considerations apply. Its import requirements in butter alone are nearly as great as the entire dairy production of all Canada. So far, less than two-thirds as much butter is eaten as in Canada, not because margarine, cheap lard, and beef fat are preferred, but because the price limits consumption with a large section of the public. We have seen that this effect has declined steadily, and it can be expected to decline further as British industry increases its sales abroad, and so provides more and better wages. It will always be true, however, that the market expansion for our butter will be most successful if prosecuted by aiming at a large volume of trade, in standard qualities, produced and sold as economically as possible.

But the British market will also be open to foreign dairy products. Denmark has held her own, while imports of Empire butters have increased. Siberia is coming back, and will be a serious competitor. The Argentine sends already from three to four times as much as Canada.

The former Baltic provinces of Russia, now independent states, with Sweden, exports as much as Russia. All these countries are systematically developing their dairy industries on the lines exemplified in Denmark.

In most of these countries the business of production and marketing is well directed, and in some, for example, Ireland, Finland, Esthonia and Russia, the State is taking an aggressive part. Market requirements in Great Britain are



Canadian Farmers' Party inspecting one of the Large British Marketing Centres

closely watched as to quantity and quality, and production and marketing are governed thereby. There will be competition, but none which Canadian producers cannot meet if they face it intelligently. The present time is the most important of a century, now that demand is being moulded along Empire lines.

Eggs and Poultry Canada's exports of eggs to the United Kingdom, averaging since the War a little over 2,500,000 dozen per annum but showing a steady decline, are around 1% of all imports. Almost every little country sends more. Denmark supplies twenty-five times, Poland ten times, and China five times as many.

Canada's figures, though small when compared with those of all United Kingdom imports, are large enough in themselves to indicate that there is a profitable business to be done, at least to the extent of the surplus of production over requirements of markets nearer our producing points. Any material increase in the rate of egg production would make the United Kingdom market more important. There can be no question that Canada is capable of meeting the competition of other countries in output and economy of production, and in efficiency of organization for handling the trade. Most foreign egg supplies are produced in small quantities per the individual producer, and the ability at will to expand the individual output is probably greater among Canadian farmers than elsewhere. At present the production of eggs as a profitable line is taken far less seriously among Canadian farmers than in Denmark, and other countries, whose farmers have really put it to the test, and have organized the business right up to marketing in England.

Though Canada has shipped small quantities of dressed poultry—an average of rather less than half a million lbs. yearly since 1923—it has been enough to prove clearly that we can get better than average prices. The average values of all dead poultry imported for 1924, 1925 and 1926 were 26.2c, 25c and 24.5c. This shows a tendency of prices generally to fall, but only slightly, despite the increase

of quantities imported—there was a 50% increase in 1925 over 1924, and in 1926 a further increase equal to more than five times all Canada's sales in this market.

Canadian poultry has received higher than average prices right along—22%, 16% and 19% better, in 1924, 1925 and 1926, than the averages for all imports. Her values per lb. were 32c, 29c and 29c. But the United States shipped from six to nine times as much as Canada, the average values of which did not drop more than a fraction of a cent, but remained higher throughout than Canada's highest of 1924. The United States poultry is better stuff than ours, and returns are not lessened by excess supply of average qualities. The example of the United States is one to copy. There is no good reason why Canadian farmers cannot profitably do so, and send ten times as much poultry to the British market.

Honey Canadian producers have been supplying in recent years about four to five per cent. of the total of imported honey. Just over half of the imports are from foreign countries. The United States now supplies nearly 25%, her share increasing year after year. On the average, the next biggest source is the British West Indies, with New Zealand coming rapidly forward.

Most of the honey arriving cannot stand comparison with Canadian clover honey for flavour, but marketing of honey has developed so little that consumers do not know how to protect themselves against cheap qualities, whether natural, blended or adulterated. A large part of the public demand is supplied in the form of blended honey. The tendency of some big blenders has been to standardize popular taste on one type, mysteriously and anonymously flavoured, such that no one used to clover honey could eat it. There is, however, a growing preference for white honey, and the best trade is ready to assist in developing the sale of clover honey.

Honey consumption has steadily increased for 30 years, especially since the War, and has now reached the yearly average of nearly three ounces for each person. The opportunity for Canadian clover honey is apparent, with respect to both quantity and quality. Marketing plans and efforts should be based on a businesslike view of the position to be won, rather than on the present position.

Apples Canadian apples, in boxes and barrels, are imported to an average of nearly 1,500,000 barrels every season. Our production is so much higher than home requirements that about 30% is exported. The only markets open are across the Atlantic, and the best of these are in the United Kingdom. The United States not only has a tariff, but normally produces an exportable surplus of which over 2,400,000 barrels compete with ours in the British market.

In addition to U.S. apples and the home crop, European countries send apples to England in our season. The supplies of imported apples are not regulated by demand. From all producing countries with any sort of organized trade the surpluses above home requirements are exported with the object of stabilizing the home market.

Even when short crops in one or more countries cut down their exports, there is always a plentiful supply, considering the limited per capita requirements of consumption. When the crop is generally good in the Northern Hemisphere, there is an abnormal supply, and in the circumstances low prices do not have much effect in checking shipments.

In addition to the general logical effects of abundant supplies to the United Kingdom generally, there are locally acute effects on individual shipments. When prices are averaging well generally, arrivals in one port may sell at a loss because



Canadian Farmers at the Smithfield fruit and vegetable market in Manchester, which is one of the largest in the world.

total arrivals at the same time happen considerably to exceed the ordinary requirements of the market there.

Most fruits are consigned to auction brokers and commission men, located at one port or another, each interested in getting big volume for his own sales. Conditions and prices change rapidly in each market, according to quantity and condition of apples on sale from day to day. It would be quite unreasonable to expect a broker receiving large quantities to undertake the speculative risk of deciding which market would yield the shipper the best price for each parcel, and take the trouble of transshipping, even if they could be paid for it. A common result is that prices in one port will be satisfactory, in another the same day disastrous to the shipper. This may occur in a good season as easily as in a bad one.

Although brokers should not be expected to prevent these losses, they can be avoided by exporters. It requires only a type of commercial management, which has worked well for many years in other produce lines, in different parts of the world, and which has worked well for fruit producers whenever properly established. Ontario fruit growers are now developing such a system of managing the distribution and sale of their fruits, and it is only a question of time when the other Canadian growers will adopt the same remedy. The essential requirements for protection of producers' interests have been proved to be:

1. Organization of producers to centralize marketing under good management, including control over grading of exports.
2. Selection of managers who are competent in commercial business.
3. Representation in Great Britain, to act for producers in placing every shipment for sale and watching the sale. The representative should not have any other interest to serve, such as brokerage or commission business, nor should he buy and sell fruits. He should be competent, both from

experience and from the efficiency of his system of current market information, to choose for every parcel, on any day, the best out of a hundred markets in which to place it for sale, and to set the price which it should realize.

4. Shipments of undesirable parcels should be prevented—the representative in the markets should determine what is not desirable.

This extension of the producers' control over their property, to include its systematic distribution and the supervision of its sale, naturally will not be welcomed generally by the established fruit trade, especially in the big port markets. They have always discouraged it, and their opposition will be so aggressive and shrewd as to require exceptional knowledge and ability in the organization of producers' marketing. Organization, and adoption of the right policies by producers, is not enough. Honest and zealous representatives will fail, unless they are exceptionally qualified and equipped to meet all opposition on equal terms.

No system of efficient management will succeed unless it takes steps to overcome one of the most serious handicaps from which Canadian growers suffer in returns from United Kingdom sales, the shipment of large quantities of barrel apples of inferior qualities and varieties. Visitors to any fruit market will find this fact confirmed by responsible dealers. Buyers do not want what the markets call rubbish, a good deal of which continues to come over from Canada year after year. They cannot pay enough for it to cover costs of packing, freights and selling. Such unsatisfactory shipments consist of "wasty" stuff, nondescript packs, and low grades. Not only is there loss to shippers on such shipments, but this condition depresses prices of even the best qualities, and average qualities often make loss instead of profit because of a glutted market.

Notwithstanding the conditions referred to, there are growers who do their work creditably, and this is reflected in the selection, grading and packing of their fruit when it arrives on the British market. Their good work, however, is too frequently discounted by the conditions just mentioned. The British demand is for a first class pack, and those packing otherwise are not serving their own or the industry's best interests.

Orcharding is a slow business to develop. So is establishing a good reputation in the market. In the next ten years, while young trees are coming to bearing, the British market can be lost to Canadian growers and won by others who try to win it by building a reputation for supplying only quality goods. There is a powerful movement on in the United Kingdom at present to increase consumption of fruits. It is largely a matter of sound and enterprising business management by the growers, beginning with trying to understand the facts of the market.

Soft Fruits The only material imports of soft fruits from Canada have been of pears which since the war have been as high as 3.6% of all imports, and below 1%. The United States regularly ships over seven times as many pears as Canada, and their growers are known to have found their export profitable. This seems to indicate possibilities of considerable increase of production and of profitable export by our own growers. Consumption of pears is small. Taking account of imports and home production, it has not exceeded five lbs. per head per annum.

There are said to be possibilities also of profitably developing our exports of plums and peaches, but so far there is little evidence on the question.

The future prospects of our fruits in the British market cannot be assessed wholly by the records of the past. Not only is the Empire Marketing Board likely to effect changes of popular and trade demand for our products, but a campaign of advertising to stimulate fruit consumption has been credited with good effects.

Tobacco A good demonstration of the possibilities of discovering market opportunities for our products is found in the case of Canadian tobacco exports to the United Kingdom. In 1921 we exported only 174,000 lbs., unmanufactured, worth about \$75,000. It increased to 28 times as much in both quantity and value in five years, at the same time that average values on the world's markets declined by 37%.

Our share of the total of imports of unmanufactured tobaccos into Great Britain was nearly 3% in 1926, having increased far more rapidly than the notable increase in the total. Imports from Empire countries have shown remarkable increases, while those from foreign countries have recently declined. Canada's increase has been at a greater rate than that of any other country.

The United States still supplies 86% of all imports, however, supplying about thirty times as much as Canada. Marketing is well organized in the United States, offering a valuable object lesson to new Empire producing sections. Growers grade the tobacco into five or six grades, and so well that sales are readily effected, whether for local or export disposal.

Brokers are becoming of less importance. Merchants and manufacturers tend more to transact the business direct and to secure their knowledge of market conditions through their own organizations.

A feature of the import trade on tobacco is the warehousing, with its service to buyers and sellers by drawing and testing of samples, and the grading of parcels for comparative values, on the basis of which sales are transacted. All transactions in American and Colonial tobaccos are made on the basis of these samples and reports, without examination of the bulk, buyers and sellers both accepting them as fairly representative.

There is no doubt that the increase in imports of Empire-grown tobaccos is due to the preference of nearly 50 cents a lb., and it seems certain to continue in effect. About 40% of the pipe tobacco smoked in Great Britain is now Empire-grown. Manufacturers have now begun to advertise "Empire" brands of tobacco and cigarettes. Kentucky pipe tobacco is reported to have decreased nearly 50% in value as a result of this tendency. This change in conditions has not so far affected the price of Empire cigarette tobaccos, because they do not suit the taste of most smokers as long established. The efforts now being made by manufacturers to popularize cigarettes made of Empire tobacco blended with American will take time and persistence to win a considerable sale.

Regularity of supply, a fairly steady price, and standards of quality carefully maintained, will be important factors in the continued expansion of Canadian exports. Other Empire growers have been handicapped by lack of sufficient attention to these factors, and are now passing through difficulties in consequence.

The American grown tobacco has set the standards and developed the tastes of British smokers, and Canadian tobacco is more like American than are others. This gives the Canadian industry an advantage in this great market. Canadian production has more than doubled since 1921. The rapid development of exports to the United Kingdom seems to promise a very much greater expansion of both production and export in the next few years. The demand is keenest for our White Burley and Dark fire-cured.

FACTS ABOUT BRITISH CONSUMERS AND DISTRIBUTION

The *quantity* of supply, relative to the quantity the market will absorb, is the main governing factor in fixing the price for any imported article, according

to its quality. The cost of production of any particular group or supply of products has no influence on its price. If the quality is not good, the shipper will nearly always lose money. If the quality is above average and the producer's business is efficiently handled for him, he will make money, even in a full market.

Producers are often encouraged by importers to ship, without being warned of the necessity for sending only quality goods. It is true there is a market for anything, however poor in quality—at a price. A considerable proportion of the population maintain existence on small incomes. The average weekly income, taking rich and poor together, is not more than \$20, according to the authorities. The average family budget for food is so small that margarine, frozen beef and mutton, and other comestibles not generally used in Canada, form a large part of the food supply. Deteriorated and inferior perishables in all lines are consumed. Importers and buyers usually make their profits on all they handle, whether the producer loses money or not.

Foods which our people in town and country consider ordinary plain fare are expensive luxuries to many. It has been found by special investigation that, among some 2,000 families in southern and northern England, of all classes, the average adult eats only about 75 cents' worth of all meats in the week, and the average child below seventeen about 12 cents' worth.

These families spend on vegetables and fresh fruits altogether, only about ten cents per week for each child, and but little more for each adult. Not more than half of all the families eat apples, fresh or cooked, unless as a rare treat.

According to the Imperial Economic Committee, from home and overseas orchards only 100 apples are marketed annually in Great Britain for each of the population. Of these 19 come from Canada, and 38 from the United States, while only 25 are grown in the British Isles.

Fewer vegetables and fruits are consumed than in Canada, simply because the retail prices charged are exorbitant—from double to four times as much as the prices paid by the trade at auctions in the big markets, according to the Linlithgow Committee on Food Prices and the Imperial Economic Committee—and people cannot afford to buy more than the minimum. Consumption is checked, less demand is shown in the big markets, and small prices are realized by producers for the bulk of the supplies arriving. The difference between these prices and the high retail prices is absorbed by the retail and distributing trades, and in loss because of deterioration. Some of the firms in these trades make a great deal of money. A great many make a living. The large number engaged may be taken as one of the chief reasons why the margin is so great. The doctrine of mutual protection of vested interests is very deeply ingrained in the fruit trade, and few retailers are forced out of business by competitive pricing. The more engaged, the higher retail prices are.

In every line of fruit the chief source of supply is outside the Empire. This is true also of meats, nearly 80% being foreign. Of all apples 38% come from the U.S.A., which also supplies 70% of the canned fruits. Of all oranges, Spain supplies 57%. The effort now being made to increase consumption of Empire products should be watched sympathetically by Canadian farmers, who should give complete co-operation if their products are to sell in larger quantities and to better advantage.

RETAIL BUYING DONE IN VERY SMALL QUANTITIES

Most retail buying is done in very small quantities in view of the small incomes, and also because domestic refrigerators are not usual. This makes the

consumer dependent on local retailers in the matter of prices and terms, and partly accounts for the very high proportion of stores supplying foodstuffs—there is one of these for every forty families in England and Wales.

On the average, according to the census of 1921, only every other store-keeper has a hired assistant, showing that the bulk of retail buying is done in little shops "round the corner" in nearly all foods—meats, vegetables, fruits, bread, butter, margarine, cheese and other groceries. Almost everyone buys from hand to mouth. In poorer districts butter, bacon, cheese, tea and practically everything else is sold, not by the pound, but by the pennyworth. Elsewhere, even with well-dressed people of the salaried classes, the quarter-pound is usually the expected purchase.

With well-to-do people, who entertained a good deal, it was the usual practice before the war to buy provisions in large orders, but this is no longer common. The need for economy is now felt most by the classes with the higher standards of living. The working classes and poor are better off than before the war, because of the unemployment dole and the maintenance of higher wage levels.

People of the working classes want better quality than formerly, and people of higher standards of living want as good quality as ever. Workers eat more meat and butter, for example, than before the war. The demand is, more than ever, for good quality butter, bacon, apples and other things, even in the smallest shops of industrial districts.

It is important to notice how this demand for better quality is met by the retailers. There are several developments as a result. The individual retailers, whether doing small or large business, tend to push lines that are widely known as always reliable, due to the enterprise of the producer or manufacturer. There are not many of these in staple lines as yet, and the result is a much heavier demand and better prices for Danish butter and bacon, Canterbury (New Zealand) lamb, California canned fruits, Hood River (Oregon) Diamond apples, and Sunkist oranges. The people and their local retailers know so little about other good articles, and stick so persistently to those they know, that a good product can expect equally good patronage and prices. This is still the situation almost everywhere, despite the growing popular sentiment in favour of Empire products. A fairly common thing is to see foreign goods, displayed as "Empire," and many seem to think that Canada's southern boundary takes in even California. The Canadian visitor will see for himself that knowledge of Canada is scanty in most classes.

In any case, not much business capacity, originality, or broad knowledge of values can be expected among the smaller class of shopkeepers described. Their turnover and profits are small. As a whole, they have not much education.

Looking after their shops themselves, they cannot visit larger stores or markets of supply. Like their customers, they buy in small quantities, from wholesalers' order-takers whose routine work leaves no time for educational efforts, even if they were equipped for them. Some individual shopkeepers are, however, men of considerable capacity for influence and leadership, who could assist in developing a powerful movement for selling Empire products, such as is seriously worth developing from the producers' standpoint. But a great deal of consistent education and salesmanship, well planned, and sympathetic with the problems of retailers, would be required, if strongly established preferences for foreign products are to be met successfully.

TENDENCY TO MULTIPLE SHOP DEVELOPMENT

A very different class of retail stores, one which is doing a larger average of provision business, and which is growing in numbers very rapidly, is the multiple-shop or chain store class. They are growing too rapidly to permit exact measurement of their relative importance, but it is not difficult to see that in a few years they may be doing the greater part of the retailing of provisions and meats, if not quite as large a proportion of groceries. Chain stores have not developed in the field of fruits so far, and only to a limited extent in fish. In the distribution of milk the idea has been developed very greatly in recent years.

These multiple shop concerns have grown from a small beginning in each case, adding shop after shop to the string under the one shrewd management, each with a manager who conducts his branch under the orders and systematic control of the central administration. As the number of shops grows, so does the volume of buying which is done by the one office. It has been calculated that in the case of a concern with a thousand branch shops the one buyer of butter will buy at least 1,500 times as much as the average individual shopkeeper. The buyer is selected for his personal ability to drive a close bargain. He must employ all the leverage of his large orders to improve the price and the assurance of continued supply of standard quality. He must know all the world's sources of supply of what the concern requires. He must always seek to control the supply, never be controlled by it. This makes selling to the British market a serious contest to maintain equality of bargaining power.

One chain is said to have some 4,000 retail butcher shops. This is controlled by the Vesteys, in conjunction with a large degree of control over the cold storage facilities of the country, with a large share of the great Argentine packing industry. They also control 98% of the great Chinese egg trade, and are allied with great shipping interests.

The largest group of provision shops comprises more than 2,500 branches, in two companies, the Maypole Dairy Company and the Home and Colonial Stores. This group is controlled by the great Jurgens margarine concern of Holland working in affiliation with large British wholesale interests. Another great group is similarly controlled by the Van den Berghs, also an enormous margarine concern in Holland. This group comprises over 1,400 shops in England and Wales, in the three companies, Meadow Dairies, Pearks' Stores, and Lipton's Ltd. The Van den Bergh interests have recently united forces with the Jurgens, in the Margarine Union, Ltd., which makes the margarine market a practical monopoly of the Dutch interests. At the same time nearly, if not more than 4,000 of the most important retail outlets are thus controlled by foreign interests which are not likely to favour Canadian farm products.

International Stores, with 506 branches, was until recently controlled by the wholesale firm of Kearley & Tonge, the head of which is Lord Devonport, a great business genius who for years was Chairman of the Port of London Authority. They have now been purchased by the son of the founder of another chain, the "Star" company, which has over 500 shops. Cooper's Stores, David Greig, Limited, Sainsbury's, Cullen's, World's Stores, and others make up a total of not less than 20,000 multiple shop branches in the provision and grocery trades. There are also some 5,000 shops in the Co-operative Stores, owned by consumers members of the trades union class. These are linked up through the Co-operative Wholesale Societies, which own and are affiliated with great manufacturing interests, and buy on a vast scale.

Thus the dependence of some 48 million people upon their local retailers for satisfactory food supplies, doled out in small quantities, has produced an enor-

mous commissariat system, still mostly composed of unorganized independent units, but being rapidly organized by various groups of powerful commercial interests. These groups (except for the co-operatives) are associated for action in their common interests in the Multiple Shops Association. Shops of the different concerns are shrewdly located in the places where housewives do their shopping, and the traveller will often see three, four or five branches of the concerns named, close together, competing against each other and the individual shopkeepers.

BLENDING AND BRANDING

It will be found that advertised lines are displayed and recommended more largely in the individual shops, and that each multiple shop concern in most lines has its own proprietary brands. Danish bacon will be found in all shops almost without exception. Bacon will hardly ever be found on sale as Canadian. Canadian cheese is sold in all, but commonly as "Colonial," not under its own name, although for nearly fifty years Canada's cheese has been the standard of quality and the chief supply.

A growing proportion of the butter is remade by firms in the trade itself by blending various supplies from different sources, to produce butters not varying in quality. By blending, also, butters of undergrade quality are worked and improved into a profitable product. The Canadian visitor will not find unpleasant butter on sale. He will not often find, either, butter with the flavour which he knows and likes. There is a strong tendency to standardization of supply on one mild, flavourless type of butter, which is suited to development of demand for the blended products, as well as to modern creamery practice where the milk supply is fully under control. This tendency must be reckoned with by Canadian producers if they wish to profit by sales in the English market. Changes in consumers' tastes in butter and other commodities are resulting from the standardization of supplies, and producers can expect good returns only if their products conform with the demand, if they are of uniformly good quality, and if they send regular shipments of any commodity introduced. It is this policy which has made profitable business on a large scale for Danish and American products named, and nothing less will suffice to establish Canadian products in the face of such established competition.

It is naturally difficult for producers in Canada to realize the conditions which affect the prices of their products abroad. It is not easy even for one who spends a good deal of time in the country to see behind the working of the machinery of the markets and distribution as it bears on prices. Enough facts have been given to show that neither consumers nor local retailers choose which products shall be most favoured, beyond the effect of preferring the *qualities* they know.

The unsuccessful attempt of New Zealand to control the distribution and stabilize the prices of its butter demonstrated that the trade buyers who supply the retail trade have a power far greater than that of a powerful producers' organization, and that popular sentiment for Empire products is ineffective in determining what shall be handled. Recent amalgamations in the trade of thousands of the best-placed retail shops under the Dutch Margarine Union, Limited, invite the conclusion that continental rather than Empire supplies will be handled, unless Empire producers can satisfy the specially exacting requirements of their buyers, in respect of descriptions, qualities and prices of the different products. At present, it is merely stating a fact to say that these buyers and many others do not care whether Canadian butter and bacon are shipped or not.

It is well to face the plain fact that it is not what Canadian producers may think is a good article that decides the price here. It is not even what the consumers might think is good if they could give it a fair trial. The traders here are naturally out to strengthen their own control in these matters, so as to be sure of always buying and selling to their own advantage. This is a "buyers' market" when the wholesale concerns are buying from producers, and a "sellers' market" when the trade is selling to the consumer.

It is to the advantage of the traders to keep open the channels of supply from all countries, free of preferential tariffs or cultivated consumer preferences. It is to their advantage also to develop the demand for produce under the identification of their own brand names as far as they can, rather than under those of producers. Therefore they are against merchandise marks regulations.

They have only been shrewd and business-like in these policies. The trade, and the margarine producers of Holland, are naturally out for their own profits. It is for our producers to look after their own interests by equally shrewd attention to business.

Traders have been useful as well as enterprising in another development of the control over food supplies which they have aimed at. This market has been described as the dumping ground of the world's surpluses of production, shipped here to be sold for what they will fetch. A good deal of produce is so poor in quality that it would not sell well at retail if at all. Other kinds of produce are only raw material for manufacture into foodstuffs. The distributive traders and others have developed in recent years very satisfactory turnovers in specialties manufactured out of such supplies, bought at the low prices of low qualities and crude materials. Examples of such products are custard and cake powders, gravy substitutes, sausages, food drinks, ice cream.

As to the principal machinery for primary sale for the account of overseas shippers, each of the port markets has its auctions, its brokers and commission men, and its buyers, who trade in enormous quantities in short order. Everything is organized in each line of trade to expedite the transfer of ownership from shipper to buyer. The visitor to a fruit auction at Liverpool or Glasgow will often see, for example, 5,000 or more boxes and barrels of fruit sold in less than an hour, in lots of tens and twenties, and a continuous repetition of this rush all day. Just to catch the bids and note them correctly requires special abilities. Producers whose products are of various grades, marks, and qualities, sold in various stages of deterioration, cannot expect brokers or buyers to favour any lots except those which are unusually good. It is not possible to secure recognition of occasionally good parcels under such conditions. Hence the supreme importance of seeing to it that nothing but first-class produce is offered and that it comes regularly.

WHAT OF THE BACON TRADE?

An Article by Miss Cora Hind, Agricultural and Financial Editor of the Manitoba Free Press and a Member of the Farmers' Party. This article was published in the Free Press by Miss Hind on her return from overseas

THE Farmers' Marketing Tour had for one of its main objectives finding out what Canada can do to increase and maintain her bacon trade with Great Britain. There were 70 in the party and at least 55 were more or less directly interested in this particular question, and no doubt there is very considerable variety in the opinions arrived at, though possibly a certain number of points would be generally agreed upon.

After carefully reviewing a fairly complete diary of the various meetings and discussions and opinions formed at the factories and farms visited we wish to offer the following as a considered opinion of what should be the future bacon policy of Western Canada at least, and possibly of Canada as a whole.

First it would seem wise to concentrate on the London market, which is fairly uniform in its requirements and is capable of absorbing all the Wiltshire sides which Canada can produce for a number of years to come. By concentrating on one market, even the amount which Canada is now producing, fit for export, would have some little influence, provided it arrived with regularity. One of the facts brought home to visiting farmers was that England and Scotland have different market requirements in different sections and any attempt to scatter Canada's limited production on types suited to the various markets would be a great mistake. If the hog to produce the best type of Wiltshire side for the London market is made the chief objective, there will, for a good many years to come, still be a percentage of hogs that will furnish Cumberland cuts, which find a market in the Midlands at a price sometimes profitable and sometimes not. We repeat, Canada's best bet is the Wiltshire side from the select bacon hog with the London market as its goal.

At the great factory of Marsh & Baxter, Brierley Hill, near Wolverhampton, the farmers were shown Wiltshire sides from English, Irish, Danish, Swedish, Canadian, Dutch, Polish, Esthonian, Latvian and Russian hogs. The English Wiltshire showed the best and finest bacon, the Canadian made a fair showing against it in even depth of fat along back, was the neatest trimmed side of the lot, but lacked in length, depth and thickness of side. A visit to the Danish bacon factory in London where smoking is done, and the visits to the factories in Denmark and the farms where the pigs are bred, confirmed the impression that Canadian pigs do lack considerably in depth and thickness of side. This can be overcome partly by more care in selection and breeding and partly by feeding.

That it is not necessary to import Danish Landrace pigs to produce this particular side is evident from the fact that the English Wiltshire shown not only at Marsh & Baxter's but at other points, had all the depth and thickness required, and no Landrace blood is used in England so far as we could ascertain. It was pointed out that the native Welsh hog most nearly approximated the Landrace, but no special stress seemed to be laid on its use, while every man who was engaged in breeding for this particular side laid emphasis on the use of the long large York boar, and the success of this type of breeding was abundantly shown in the Yorks at Lord Daresbury's breeding establishment, not far from Manchester,



Demonstration on Wiltshire sides, given to the Canadian Farmers by A. E. Marsh, at the bacon factory of Marsh & Baxter, at Brierley Hill, near Birmingham, England.

where every member of the party was impressed with the great size, length and depth of side and of belly, smooth light shoulder of both boars and breeding sows. It is evident that Canada has within her own borders the very breed of hog required. What is needed, however, is more care in selection and mating and in the development in the early weeks of life of the young pigs.

With regard to feed, Denmark has an enormous advantage in her large supply of skim milk. This, to some extent, Canada can offset with tankage, but also more profitably by increasing dairying and having more skim milk for her young pigs. The view was also expressed that the lean flesh of pigs receiving a good ration of skim milk was more tender.

More than one handler of bacon issued a warning in regard to feeds calculated to take the place of milk, stating that artificial feeds should always be carefully analyzed to ascertain the oil content, as therein lies the danger of producing soft pork and bacon. This is a point Canada needs to consider carefully.

Denmark actually enjoys an advantage in freight rates, over the Midlands of England, in delivering bacon on the London market. On the other hand, Denmark must and does import vast quantities of cattle and hog foodstuffs from overseas, on which ocean freights are high, so that it would seem that the advantage of the lower freights over the shorter distance for the delivery of her finished product must be more than offset by the necessary importation of feeds, for which she must pay a good price at point of production as well as the long freight haul overseas. It would seem that Canada, with her cheaper land and home-grown feeds, should be able to compete successfully on production costs with Denmark.

Taking everything into consideration, it is quite evident that Canada can produce Wiltshire sides suitable to the London market quite equal to those produced by Denmark.

It also seems reasonable to suppose that she can produce them at a lower cost, always provided she will set about the matter systematically.

The final question to settle is why Canada should immediately set about the business of producing high quality Wiltshires in volume for the English trade? There are a number of reasons:

Hog production on a large scale **MUST** form a part of any extension of mixed farming in Canada and more especially in Western Canada.

Great Britain offers the only large and permanent market for Canada's surplus of any food product, and while the home markets may increase they cannot increase with anything like Canada's power of rapid production, and, therefore, it is the part of wisdom to as quickly as possible establish on the British market a reputation for quality, quantity and steadiness of flow, for in the final analysis it can easily be proved that the Danish market rests more on a uniform volume of large size and continuity than on any vastly superior quality, though quality is essential.

What of prices? Farmers will ask. Will they be higher? We don't know. What we think we know is that with care in breeding, two litters annually, an increase in dairy products for pigs, Canada should be able to produce as cheaply if not more cheaply than any country of Europe. If she cannot, then the general intelligence and ability of her farming community has been very greatly overrated.

It will not do to say that Europeans are content with a lower standard of living and, therefore, can be content with smaller profits. Judged by what the farmers' party saw, the standard of living and comfort on Danish farms is higher than the average of our own.

Two things mentioned by British traders, which may lead to improved prices in the near future are, that improved industrial conditions on the Continent, more particularly in Germany, will lead to a much larger consumption of pork products from such countries as Esthonia, Latvia, Sweden, Poland and Russia, and also that these countries are not breeding the type of hog required for the Wiltshire side, and having sustained heavy losses from being compelled to sell their bacon at very low prices on a glutted market, they show a disposition to curtail rather than increase production.

Whether the co-operative methods which have been so successful in Denmark would be possible in Canada, is open to considerable doubt. Denmark is a small country with the entire population speaking one language, two factors that must simplify any form of organization. That Canada can successfully co-operate along many lines is proved by the egg, poultry and wool co-operative organizations, not to mention the wheat pools.

Also Canada has shown an ability to organize in connection with T. B. free areas, so why not the possibility of organization along the lines of breeding stations such as exist in Denmark and which have been a material factor in the success of their bacon and dairy industries.

The foregoing gives the situation so far as we have been able to size it up. In our judgment, the wise course for Canada will be to steadily increase the number of her select bacon hogs suitable for export trade and to keep a supply of well-finished Wiltshire sides going forward week by week so that Canada may come to be counted on for a steady and continuous supply of what is, when all is said and done, the only market which can be counted upon as always open to her surplus food products.

Quality, quantity, continuity of flow should be the slogan, realizing that what suits the London market will equally suit the home market should any rapid development of mining or other industries expand the home market to a greater extent than now seems possible.

